



**NATIONAL SECURITY AGENCY
CENTRAL SECURITY SERVICE
FORT GEORGE G. MEADE, MARYLAND 20755**

Serial: GG/015/82
25 January 1982

**MEMORANDUM FOR THE OFFICE OF GENERAL COUNSEL, DEPARTMENT OF
DEFENSE**

ATTN: Director, Legislative Reference Service

**SUBJECT: Non D/D Item 2058, 97th Congress, "To authorize
appropriations to the Patent and Trademark Office
in the Department of Commerce and for other purposes"**

1. This memorandum is in response to your request for comments on the Commerce Department's Patent and Trademark Office proposal to authorize appropriations for that office, to amend title 31 and title 35, United States Code, and the Trademark Act of 1946. The only proposed amendment of concern to NSA is section 6 of the bill which would amend section 184 of title 35, U.S.C., to insert a new second paragraph that would eliminate the present requirement that all patent applications first be filed with the Patent and Trademark Office and that a license be acquired prior to the filing of an application in a foreign country. The amendment to section 184 would permit foreign applications without a license from the Patent and Trademark Office unless the application discloses or contains subject matter pertaining to (1) defense services or articles on the U.S. Munitions List (ITAR), (2) restricted data, (3) articles, materials or supplies controlled pursuant to the Export Administration Act, (4) information subject to classification, or (5) information, the dissemination, disclosure or exportation of which is restricted by statute, regulation or executive order which amends or supersedes any of (1)-(4).

2. At the present time, the U.S. Patent and Trademark Office reviews patent applications within six months, refers those patent applications that may involve data within one of the five categories listed above or which may be subject to review to determine if a secrecy order is required to the appropriate U.S. Government entity for review. If no objection is entered, a license may be granted if requested, or if no action is taken within six months, a license is not required. In some cases, automatic filing of foreign applications in certain countries, if requested, is accomplished pursuant to the Patent Cooperation Treaty.

3. The major change is a shift of the burden of determining if filing in a foreign country is precluded from the Patent and Trademark Office to the patent applicant. If an applicant errs in this decision, the applicant is subject to invalidation of the U.S. patent and criminal penalties pursuant to sections 186 and 186 of title 5, U.S.C. This change is of considerable significance in that if the applicant errs and the information was sensitive or subject to review to determine if a secrecy order

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should be obtained, it would neither be possible to protect the information nor useful to obtain a secrecy order as disclosure of the information to a foreign country would already have taken place. We anticipate there could be a substantial number of such errors in those areas of technology that are of concern to NSA such as cryptography, computery, signals processing, and communications. With the increasing concern over technology transfer and its affect on the national security, we believe it to be inappropriate to restructure these existing procedures in such a way as to lessen review of proposed transfers.

4. Because of these concerns, NSA objects to the inclusion of section 6 of the proposed bill and strongly recommends that it be deleted. Although we understand the administrative burden posed by present procedures, we believe the national security interests served are sufficient to warrant continuation of present practice. Should section 6 of the proposed bill not be deleted, we strongly recommend that the term "technical data" be added to items (1) and (3) of the second paragraph to be added to section 184 of title 35, U.S.C. This latter change is proposed because of the importance of technical data, the fact that the regulations deal with technical data separately from devices and materials, and the need to insure that the applicants obligations are clearly stated in the law.

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